



# The President's Daily Brief

February 13, 1975

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**FOR THE PRESIDENT ONLY**

February 13, 1975

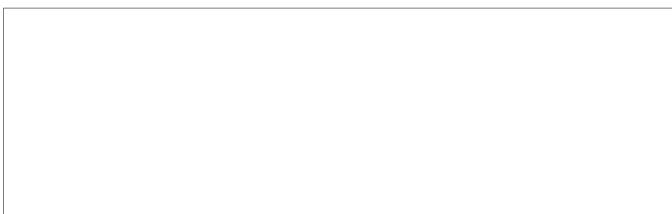
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USSR

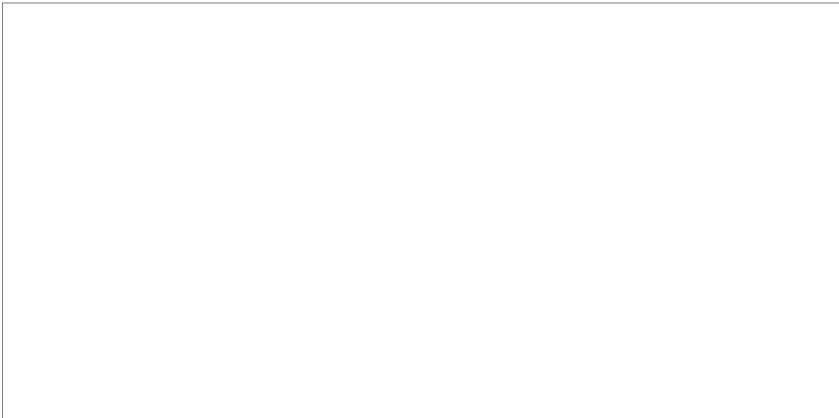
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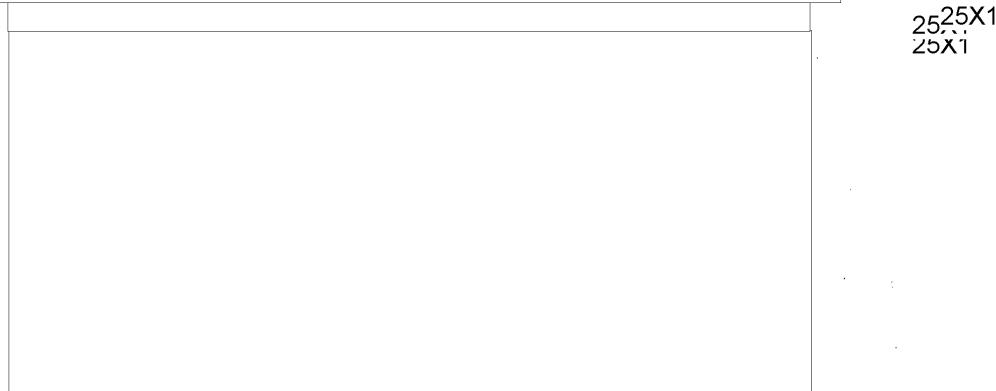
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Since late 1970, the Soviets have been constructing a new type of silo--designated the III-X--at the launch groups being prepared for the new generation of ICBMs. [redacted]

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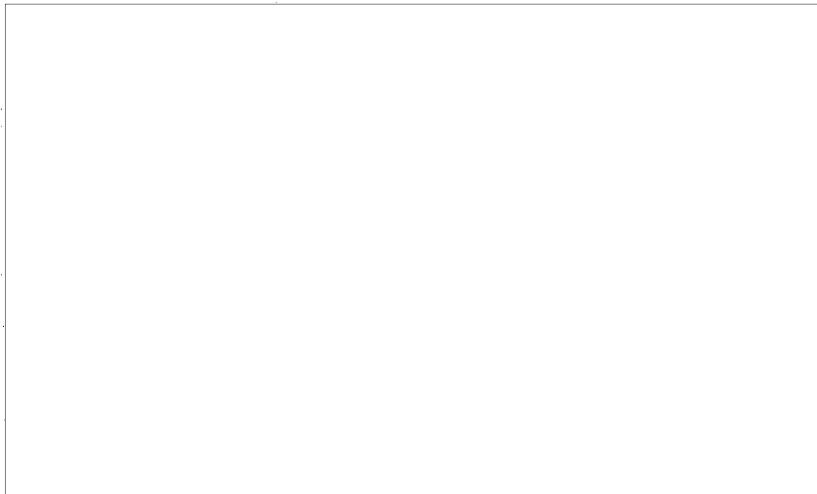
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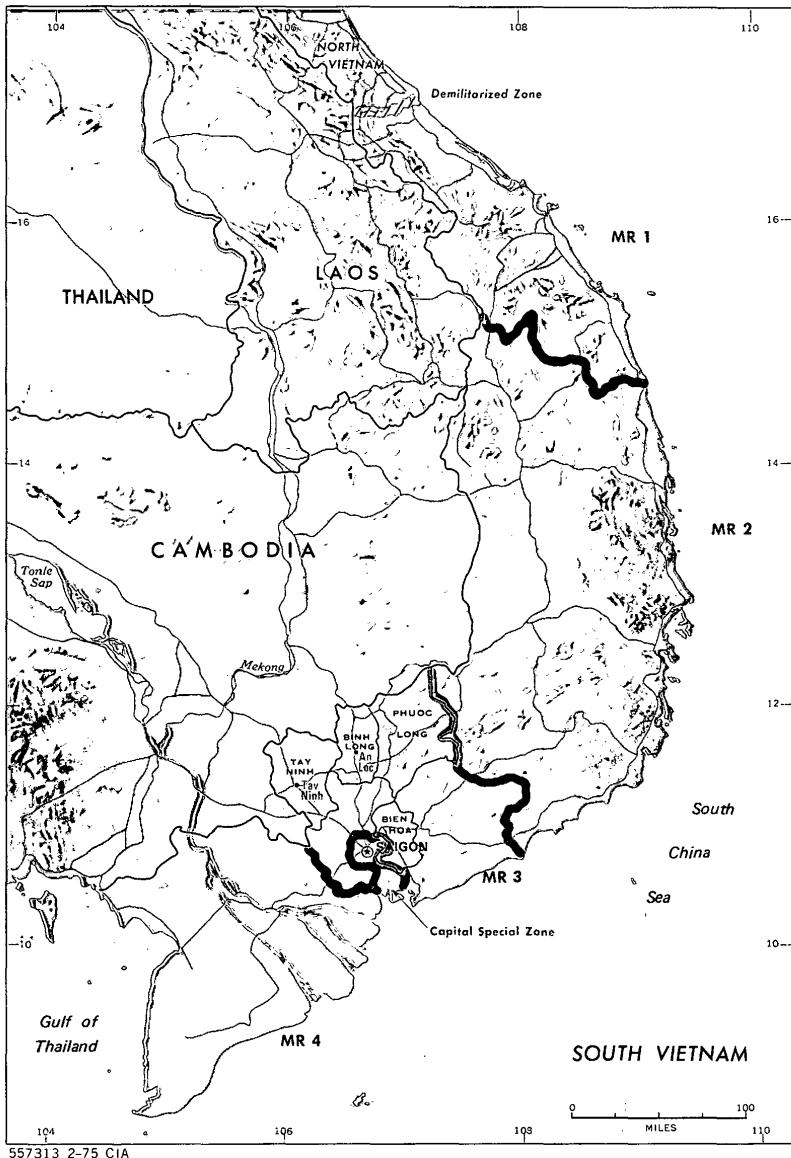
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## VIETNAM

*The communists plan major attacks in Tay Ninh Province* [redacted]

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[redacted] The plans, which are part of an early February COSVN "resolution," call for the use of two regular divisions, supported by armor, artillery, and local units. The timing of the attacks is to remain secret until the last moment to ensure maximum security.

The purpose of the action is to overrun all of Tay Ninh Province, as the communists did in Phuoc Long Province last month. If this ambitious goal is not met, the communists will try to make Tay Ninh City a second An Loc. An Loc is the neighboring provincial capital which withstood prolonged attacks in 1972 and is today only a government island deep in communist-held territory.

The communists have been shifting some of their main-force combat units into Tay Ninh Province, including some of the regimental formations [redacted]

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[redacted] There had been indications for several weeks that the communist 9th Division would move to Tay Ninh, but the division headquarters and one subordinate regiment earlier this week were tentatively identified moving eastward into Bien Hoa Province.

Saigon will make strenuous efforts to defend Tay Ninh Province. Its loss would be a major setback for the South Vietnamese. The province has been a major battleground since the early 1960s and, unlike Phuoc Long Province, has a relatively large population and is nearly self-sufficient in food production. It is defended by a South Vietnamese division, as well as by its territorial forces.

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## OPEC

Sharp cuts in oil production by the Organization of Petroleum Exporting Countries during the past several weeks and the decisions by several oil-producing states to reduce prices have given rise to press speculation that OPEC is or soon will be in disarray. While this speculation is largely overdrawn, there clearly is growing concern in some OPEC nations over the size of the cuts that they have had to make as well as the steady increase in underutilized production capacity, which now is an extraordinary 11.6 million barrels a day.

Venezuela especially fears that the recently announced US program to reduce oil imports by 1 million barrels a day--and to a lesser extent the proposed cut of 1 million barrels a day by other members of the International Energy Agency--will have a sharp impact on its oil sales in the "captive" US market. Caracas reportedly has proposed that OPEC set mandatory quotas for each member country in order to curtail output and support current prices and to guarantee Venezuela its current share of the international oil market.

If other OPEC members go along with the Venezuelan plan, the organization could face its first real test. Any prorationing scheme would have to contend with the national and economic ambitions of the diverse OPEC membership.

Another issue that promises to test OPEC's mettle is prices. OPEC oil ministers, in response to a Kuwaiti request, will meet next week in Vienna to discuss the dollar's recent decline relative to most other major currencies.

Most oil contracts are written in dollars or sterling. The drop in both currencies has reduced the value of OPEC revenues and foreign reserve accumulations relative to the cost of imports from countries whose currencies have appreciated vis-a-vis the dollar. Less than 20 percent of OPEC's imports are from the US.

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One immediate consequence of the dollar's decline was the decision yesterday by Iran to separate its currency from the dollar and to peg it to the International Monetary Fund's special drawing rights. The value of the special drawing rights is based on a weighted average of the value of 16 major currencies. Tehran expects the move to decrease somewhat the domestic cost of Iran's imports and relieve Iran's inflation slightly.

Other oil producers with currencies pegged to the dollar may be inclined to follow Tehran's example. This includes the majority of OPEC members. A number have complained in recent weeks about the gyrations of the dollar and about the rising cost of foreign imports.

There is no indication, however, that Iran will tie oil prices to the special drawing rights as a hedge against a further downward movement of the dollar. Despite their concerns over the dollar's decline, it is unlikely that OPEC members will decide to change their oil-pricing practices soon. Some OPEC members, such as Saudi Arabia, view the dollar as only temporarily depreciated and, hence, do not feel compelled to protect the value of their receipts by changing pricing practices now.

Most OPEC members, including Algeria, have expressed a willingness to maintain the oil price freeze--now scheduled to end in September--to the end of the year or beyond. Implicit in their position is the recognition that, by freezing the nominal price of oil, OPEC is allowing the real price of oil to fall with inflation.

This position on prices and exchange rates represents a marked, if only temporary, shift in OPEC's outlook of only a few weeks ago, when the main thrust of the organization's pricing policy was to implement an indexing scheme that would maintain the real value of their current oil production.

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## TURKEY

The Turkish government reiterated yesterday that all defense agreements with the US will be subject to renegotiation unless military equipment deliveries to Turkey are resumed. The Turks reportedly are prepared to wait until the end of the month before taking any major retaliatory moves against the US.

The Turks have informed NATO of the problems the US action will cause Turkey in carrying out its obligations to the alliance. They have also asked the NATO Defense Planning Committee to conduct an investigation into the effects the "US arms embargo" will have on defense in the eastern Mediterranean. The Turks reportedly have suspended payment to US contractors who are working on NATO projects in Turkey. Ankara will send emissaries to other NATO countries to determine whether they can provide equipment and spare parts.

The Turkish government is trying to assess the extent of public sentiment favoring retaliatory measures against the US and is attempting to monitor the activities of groups that might seek to protest actively. [redacted] 25X1  
the Turkish teachers' association is planning anti-American demonstrations Saturday in provinces where US installations are located. Such demonstrations are likely to be watched closely by Turkish security officials, and they may be canceled in those provinces where martial law is still in force.

The Turkish foreign ministry has used the risk of anti-American incidents to turn aside a US request for the visit of three US navy ships to a Turkish port. The foreign ministry's action was not an outright rejection of the request on political grounds, but it was clearly a retaliatory move, and other such steps are likely to follow.

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UK-USSR

Neither side expects dramatic developments to come from Prime Minister Wilson's five-day visit, which begins today. London has trailed well behind the other major Western nations in improving relations with the USSR, partly because of the UK's mass expulsion in 1971 of Soviet intelligence personnel.

The British have tried to beat the Soviets at their own game by submitting a large package of topics for discussion, including a draft of a joint declaration on nonproliferation of nuclear weapons. The British expect that the Soviets will press for their usual formulations on European security and mutual balanced force reductions and that these will be the main sticking points. While the British have adopted a more conciliatory tone on European security in Western councils, there is still a sizable gap between the Soviet and British positions.

Several routine bilateral accords will probably be signed, but a Soviet foreign ministry official has said that any political documents emerging from the visit will be far less important than those Moscow has signed with the US, West Germany, and France. He added that an increase in trade between the two countries would depend on "political developments," an apparent reference to British concessions on European security and force reductions.

British officials say they have hinted broadly that a meeting between Wilson and Soviet party chief Brezhnev would be desirable. The Soviets have made no commitment, but they have unofficially leaked stories that have kept the possibility alive.

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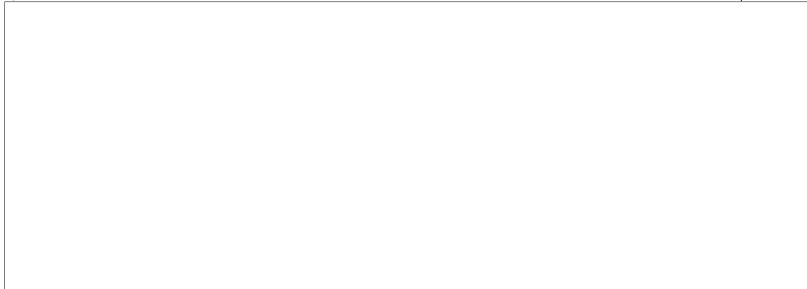
Brezhnev definitely will meet with Wilson and the event will be shown on Soviet television.

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expected Brezhnev to continue in his post, but that party secretary Kirilenko and first deputy premier Mazurov will assume heavier responsibilities in the future. Kirilenko has been the acting party chief during Brezhnev's hospitalization. In the past, he has filled in during Brezhnev's temporary absences, but never for such a long period of time nor under what appear to be fairly formalized arrangements.

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**INDIA-USSR**

*Soviet Defense Minister Grechko is scheduled to arrive in New Delhi on February 24 for a four-day visit. He is the most important Soviet official to visit India since General Secretary Brezhnev went there in late 1973.*

Indian military procurement apparently will receive major attention. Tactical strike aircraft, guided-missile cruisers or destroyers, minesweepers, and anti-submarine warfare aircraft probably are at the top of India's shopping list. India tried several times last year to arrange new purchases of arms from the Soviet Union, but differences over types of equipment and repayment terms prevented agreement.

The Indians expect that Defense Minister Grechko will press Prime Minister Gandhi to visit Moscow. Her last trip was in 1971, and she reportedly is considering another visit this spring. Her reluctance to go to Moscow partly reflects New Delhi's dissatisfaction with aid and trade relations with the Soviet Union. The USSR's refusal--or inability--last year to repeat the 2-million-ton grain shipments of 1973 was a major disappointment to India at a time of widespread food shortages.

India wants to maintain close relations with Moscow, but at the same time wishes to establish a more balanced relationship with other major powers. New Delhi is unlikely to grant such long-standing Soviet requests as endorsement of the Brezhnev scheme for Asian collective security or the grant of greater access to Indian naval facilities.

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VENEZUELA

*President Perez' oil nationalization plans may be linked to the US Trade Reform Act.*

The director general of the petroleum ministry recently claimed that Caracas had plans to retaliate against the US if the trade act is not revised. He warned that Perez is under increasing pressure from influential members of his political party as well as the opposition to take a tougher line on the nationalization plans to be announced on March 2.

In fact, given his present domination of the political scene, including control of congress, Perez probably can get any type of nationalization bill he wants through the legislature. Perez' recurring references to "pressures" appear to be excuses to justify his future actions.

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NOTES

*The Portuguese have begun propagandizing events in Spain in ways that Madrid will regard as interference in Spanish internal affairs.*

Since January 28, Radio Portugal has been broadcasting nightly half-hour programs to Europe featuring anti-regime activities in Spain. The program calls attention to civil and labor unrest and demands by Spanish groups for democratic rights. In another incident this week, the Portuguese Trade Union of Public Entertainment Workers issued a communiqué supporting eight recently arrested Spanish actors, and cables protesting the arrests were sent to Spanish officials.

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*Libya reportedly has reduced prices for most of its crude oil for the second time this year, with average costs to the companies to be lowered 8 to 14 cents a barrel.*

A desire to boost foreign exchange receipts through greater sales is probably the main reason for the change in pricing policy. Sharp declines in oil output due to non-competitive prices have caused Libya's revenues to fall below the level of foreign exchange expenditures late in 1974. Some industry analysts feel further price reductions will be necessary to raise production substantially.

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*Japan is not expected to ratify the nuclear non-proliferation treaty before the conference of ratifying states scheduled for May.*

In the last few days, Prime Minister Miki and Foreign Minister Miyazawa have publicly backed away from previous commitments to push for ratification this year. The policy change was apparently made at a meeting of ruling party officials last weekend at which right-wing opponents of the treaty openly balked at the idea of foreclosing Japan's nuclear weapons option. Long-time opponents of ratification probably made their stand now because of recent rapid progress in Japanese negotiations with the International Atomic Energy Agency in Vienna on a safeguards agreement. The Miki government has clearly chosen not to buck intra-party opposition on the issue; Miki is saving his political capital with the right-wingers for what he sees as more important uses.

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